

Letter Sent to House Financial Services Committee Chairman Barney Frank

Washington, DC - In a letter sent today to House Financial Services Committee Chairman Barney Frank (D-MA), U.S. Congressmen Bart Stupak (D-Menominee) and Maurice Hinchey (D-NY) called for strong provisions to protect consumers and the overall economy from the abusive practices of energy speculators. Stupak and Hinchey were joined by eight other members of Congress in encouraging Frank to strengthen provisions in draft legislation to reform the over-the-counter (OTC) energy markets.

The letter was sent to Frank in advance of a House Financial Services Committee markup of the legislation.

“Regulating the over-the-counter energy markets and new carbon markets must be a key part of any comprehensive reform of our financial industry,” Stupak said. “It is troubling that the draft legislation, as it was originally proposed, continues to provide exemptions and loopholes in our nation’s energy markets. Closing these loopholes will allow the Commodity Futures Trading Commission to better monitor trading, prevent excessive speculation and help eliminate the unreasonable spikes in energy prices which hurt American consumers. We cannot allow trades based on fear, greed and speculation to continue to happen at the expense of hard-working Americans.”

“Any financial regulatory reform would be incomplete without provisions that safeguard against the blatant manipulation of the energy derivatives market by speculators who are out to make a profit for themselves at the expense of everyone else,” Hinchey said. “The Commodity Futures Trading Commission wants Congress to grant it the authority to regulate the energy derivatives market and it’s critical that we do so. The lack of proper regulation of the energy market has caused unnecessary financial hardship for countless Americans who have been forced to pay higher prices at the pump and for home heating oil while speculators reap enormous profits on the backs of the middle and working class. It’s not fair and it needs to stop now.”

The letter also expressed concern with the creation of a new, unregulated carbon derivatives market for speculators to manipulate. Provisions inserted by Stupak into H.R. 2454, the American Clean Energy and Security Act, passed the U.S. House of Representatives in June, giving the Commodity Futures Trading Commission (CFTC) the authority to regulate carbon

derivates as an energy commodity.

In August, Stupak and Hinchey called for greater regulation and oversight of financial speculators in the energy markets to protect consumers from unnecessarily high energy prices in a letter to Gary Gensler, chairman of the Commodity Futures Trading Commission. Today's letter to Frank expresses concern over a number of provisions in the draft OTC derivatives legislation that would either exempt energy companies and financial speculators from regulation, or open up new loopholes for continued and expanded speculation in the nation's energy derivatives market.

The Organization for Competitive Markets has also endorsed the letter.

A copy of the letter is available at

http://www.house.gov/stupak/stupak_hinchey_derivatives_letter101309.pdf